



**TO: PLANNING COMMISSION**

**FROM: TERRY WAHLER, SENIOR PLANNER, CURRENT PLANNING**

**VIA: DANA LILLEY, SUPERVISOR, HOUSING SECTION**

**DATE: MAY 29, 2014**

**SUBJECT: 2014 HOUSING ELEMENT UPDATE – PLANNING COMMISSION PROPOSED REVISIONS TO THE HEARING DRAFT FROM THE MAY 22, 2014 HEARING.**

### **RECOMMENDATION**

That the Planning Commission consider and adopt the 2014-2019 Public Hearing Draft Housing Element of the County General Plan with the recommended revisions.

### **DISCUSSION**

On May 22, 2014 your Commission conducted a public hearing on the 2014-2019 Public Hearing Draft Housing Element, asked questions of staff and proposed revisions. The hearing was continued to May 29<sup>th</sup> to allow staff time to prepare revisions to the Hearing Draft. Below is a list of the revisions staff has prepared in response to your Commission's direction with "change pages" to the "Clean" version Public Hearing Draft included as attachments:

#### **Planning Commission Proposed Changes**

- 1) Add Executive Summary explaining the urgent need for affordable housing to page 1-1
- 2) Add reference to 640 square foot secondary residence limitation in North Coast Area Plan on page 3-10
- 3) Wording change to clarify efforts to prevent and end homelessness for Objective 3.0 on page 4-4
- 4) Wording change for Program HE 1-A to clarify amendment to increase Residential Multi-Family zoned land on page 4-6
- 5) Add reference to include bikes as transportation alternative (bike-able) to page 5-1
- 6) HUD census data for 2000 and 2010 – insert new Table 5.4 to show number of *households* in different income levels in 2000 and 2010 at page 5-8
- 7) Add explanation of change in the number of mobile homes on page 5-17
- 8) Replace vacancy data number errors in Table 5.11 on page 5-18
- 9) Revised description of Cambria's efforts to address water supply on page 5-32

### **Staff Recommended Changes**

In the course of reviewing the questions from your Commission staff has identified other revisions that are proposed for your consideration:

- 1) Correct reference to Templeton's water sources on page 3-19
- 2) Correct Program HE 2.C to reflect updated "desired result" to 2,501 (replace 2,600 with 2,501) on page 4-25 to be consistent
- 3) Revise Program HE 3.B "Desired Result" to reflect reduction instead of an end to homelessness on page 4-28
- 4) Correct "additional housing units" from 175 to 168 to reflect updated number on page 5-16
- 5) Correct "countrywide" typographic error in the Table 5.21 Title on page 5-55

Staff believes the above revisions reflect your Commission's direction to staff regarding specific revisions that were discussed throughout the course of the hearing. The revisions to maps in Chapter 6 Appendix to include street names will be provided (and added to the record) at the May 29<sup>th</sup> hearing. Should Commissioners have additional recommendations for revisions staff will respond to them at the public hearing.

# CHAPTER 1: INTRODUCTION

## **AN URGENT NEED FOR HOUSING**

The chronic undersupply of housing affordable and suitable for locally employed persons has economic, social, and environmental impacts. This situation warrants coordinated public and private actions to facilitate more housing affordable to local residents.

- According to a 2012 survey of local employees and their employers, 88% of employees and 83% of employers indicated that it is difficult to find suitable and affordable housing in San Luis Obispo County.
- A 2013 count ("enumeration") of the homeless throughout San Luis Obispo County resulted in an estimate that approximately 3,497 persons were homeless at some point during 2013.
- The county is the 8<sup>th</sup> least affordable housing market in the United States, according to the National Home Builders Association – Wells Fargo Bank Housing Opportunity Index (NAHB HOI).
- Median home prices are once again on the rise from a low of \$312,000 in 2012 to \$443,000 in early 2014 (NAHB HOI).

Providing an adequate supply and range of affordable housing choices is a high priority and a significant challenge in San Luis Obispo County. The San Luis Obispo region faces constraints such as high construction costs and high demand for developable land. The recession further constrained the feasibility of

## CHAPTER 3

## SITES ANALYSIS



*"The Varietal" secondary dwelling design*

Source: County Planning and Building Department

San Miguel parcels 021-302-006 and 021-241-028 and for Nipomo parcel 090-384-001 because newer single family residences were constructed on these sites. For example, parcel 021-241-028 has a single family residence that was constructed in 1999.

**Secondary dwellings:** The County anticipates that 65 new secondary dwellings will be constructed from 2014-2019. Of those, 28 (43%) will be affordable to very low and low income households and 34 (52%) will be affordable to moderate income households based on a rent survey conducted over a 5 month period in 2013/2014. These planned units are accounted for in Table 3.3 and Appendix A. Secondary dwelling units are often affordable to low or very low income households because they do not require acquisition of added vacant land and County regulations limit their size to 1,200 square feet when located on parcels of 2 acres or more. On parcels of less than one acre and in urban areas, secondary dwelling sizes are limited to 800 square feet. [In the North Coast Area Plan, secondary dwelling sizes are limited to 640 square feet.](#)

From September 1, 2009 through March 1, 2014, 59 secondary dwellings were constructed at an average of 13 units per year. None of these units were located in building moratorium areas. The County anticipates about the same number of secondary dwellings constructed from 2014-2019. Homeowners may continue to find these smaller units more desirable to build while the market continues to recover. Therefore, the County assumes that 13 secondary dwellings per year will be constructed over the next five years.

**Assisted housing units:** Because the County is an "entitlement" grantee under the U.S. Department of Housing and Urban Development's Home Investment Partnerships (HOME) Program, we expect to allocate HOME funds to assist in the development of new housing units for very low and low income households. However, the County has not yet identified specific housing developments in unincorporated areas of the county that would be assisted beyond those already identified and counted as completed in 2014.

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### Avila Beach

Avila Beach Community Services District's water supply includes State Water as well as groundwater. The parcel located in Avila Beach has water and sewer connections to accommodate the 7 affordable housing units noted in Table 3.5.

### Shandon

The community of Shandon currently has an allocation of State Water in addition to existing groundwater. However, a turnout pipeline is needed to deliver this water to the community. In addition to water infrastructure constraints the community will also need to construct a community sewer system. The recently approved Shandon Community Plan requires construction of a sewer in conjunction with new development if proposed at full density.

### Templeton

Templeton has ~~three~~ two primary water sources including the Atascadero Sub-basin of the Paso Robles Formation and ~~State Water via the Nacimiento Pipeline Project~~ the Salinas River underflow. Templeton has no water system and no sewer system infrastructure limitations at this time. Affordable housing goes to the top of the wait list. Will serve relinquishments go to affordable housing projects on the wait list first.

### Oceano

Oceano has water available from three sources, including State Water and no current water system infrastructure constraints. The South San Luis Obispo County Sanitary District, which serves Oceano and other communities in the area currently has capacity to serve new projects.

### Nipomo

The community of Nipomo is located within the Nipomo Mesa Water Conservation Area which includes a much larger area than the Nipomo urban reserve. A Resource Capacity Study in 2004 (updated in 2007) determined that the Nipomo Mesa area of the

## CHAPTER 4

## GOAL, OBJECTIVES, POLICIES, AND PROGRAMS

***Housing Element Objective 2.0:***

Facilitate the conservation, maintenance, and improvement of 2,621 existing units of affordable housing, including affordable senior housing to allow aging in place.

Conservation, maintenance, and improvement programs include protecting existing mobile homes and apartments, and maintaining existing affordable housing.

***Housing Element Objective 3.0:***

Provide housing opportunities for 500 households over a five-year period to prevent and end homelessness for them through financial assistance and services.

Programs addressing opportunities for development and preservation of housing for homeless and disabled persons includes reducing regulatory barriers through ordinance amendments and foreclosure and/or eviction prevention.

**HOUSING POLICIES AND PROGRAMS**

***Objective 1.0: Facilitate development of 1,092 new housing units during the five-year time period beginning January 1, 2014, and implement Strategic Growth policies when planning and reviewing new development proposals to the maximum extent practicable.***

The County will facilitate development of new housing units broken down by income categories established in the Regional Housing Needs Plan. *The quantified objective for construction of new housing is broken down in the table below.*

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**Myth: “Affordable housing will bring more traffic to the community.”**

*Reality: Studies show that affordable housing residents own fewer cars and drive less often than those in the surrounding neighborhood.*

~Source:  
[http://www.interfaithhousingcenter.org/Resources/Myth\\_Busting/](http://www.interfaithhousingcenter.org/Resources/Myth_Busting/)

### Implementing Program(s)

#### ***Program HE 1.A: Designate additional -land for residential uses.***

**Description:** Amend the Land Use and Circulation Elements to designate additional land ~~in-the~~to Residential Multi-Family (RMF) and Residential Single Family (RSF) land use categories to accommodate needed housing to meet population growth during the next five years and beyond to 2025. The need is primarily for Residential Multi-Family land. The County will seek opportunities (1) to designate infill sites before proposing to expand urban reserves and (2) to designate land for housing in all communities.

**Purposes:** The County can assist in reducing price escalation, reduce vehicle miles traveled, and reduced resource consumption by adding new residential land to the inventory. Additionally, larger parcels (i.e. 5 acres or larger) would provide sufficient land to plan for site amenities such as open space and parks for multi-family projects. While the County previously designated adequate land to accommodate its share of regional housing needs as described in Chapter 3, additional land will be needed after the planning period for this Housing Element.

**Desired Result:** Designate additional land for a variety of housing types to ensure that the supply of residential land is sufficient to meet projected needs through the year 2025. The County estimates that additional land in the RSF and RMF land use categories would be needed to accommodate 5,191 total housing units (11,590 housing units countywide including cities) through 2025. Additional land could be identified in the next Housing Element cycle when more resources are available (e.g.

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Funding: Department Budget

Schedule: Initiate amendments in 2015 and complete amendments in 2016.

***Program HE 2.C: Implement the Mobile Home Park Closure Ordinance.***

Description: Implement the mobile home park closure ordinance adopted in 2008 by the Board of Supervisors.

Purposes: Preserve the County's stock of mobile home parks. Mobile home parks provide much of the county's supply of affordable housing, consisting of approximately ~~2,600~~2,501 mobile home spaces in 40 mobile home parks. The closure ordinance provides financial compensation to mobile home residents in the event of closure, and gives decision makers the necessary information to base approvals for closures.

Desired Result: Implementation of the mobile home park conversion ordinance could preserve an estimated 2,501 housing units for extremely low, very low, low, and moderate-income households over the next five years.

Agency: Planning and Building Department

Funding: Department Budget

Schedule: Ongoing

***Program HE 2.D: Implement the Condominium Conversion Ordinance.***

Description: Implement the condominium conversion ordinance adopted in 2008 by the Board of



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<p><b>Residential Care Facilities</b> are establishments primarily engaged in the provision of residential social and personal care for children, the aged, and special categories of persons with some limits on the ability for self-care, but where medical care is not a major element and twenty-four hour supervision is provided. Includes: children's homes; orphanages; and halfway houses, rehabilitation centers and self help group homes with 24 hour supervision.</p> <p>Source: San Luis Obispo County Code – Title 22 Land Use Ordinance</p>	<p>Desired Result: Removal of governmental barriers for the development of group homes.</p> <p>Agency: Planning and Building Department</p> <p>Funding: Department Budget</p> <p>Schedule: Initiate ordinance amendments in 2015 and complete the ordinance amendments in 2016.</p> <p><b>Program HE 3.B: Provide housing opportunities and services to help reduce homelessness.</b></p> <p>Description: Continue allocating and administering the HOME and Emergency Solutions Grant (ESG) funded Tenant Based Rental Assistance (TBRA) programs and the Continuum of Care program for homeless and those at risk of becoming homeless.</p> <p>Purposes: The TBRA programs provide deposits, rental assistance, case management, and other financial assistance services for homeless and those at risk of becoming homeless. While the funds are temporary, they house people in permanent housing situations and typically provides assistance long enough for people to obtain other income for housing (between 1 to 6 months on average). The Continuum of Care program provides financial assistance and supportive services for 32 people in permanent supportive housing and 20 people in transitional housing.</p> <p>Desired Result: <del>Prevent and end homelessness for 500 households through providing financial assistance and services to homeless and those at risk of becoming homeless.</del> <u>Reduce homelessness by providing rental and/or deposit assistance to 500 households, including both</u></p>

GOAL, OBJECTIVES, POLICIES, AND PROGRAMS

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[homeless households and those at risk of becoming homeless.](#)

Agency: Planning and Building Department

Funding: Emergency Solutions Grant, HOME, and Continuum of Care Program

Schedule: On-going

# CHAPTER 5: HOUSING NEEDS ASSESSMENT

## OVERVIEW

This comprehensive analysis of housing needs guided preparation of the objectives, policies, and program established in Chapter 4. This chapter addresses trends and interrelationships between people, economics, and the housing stock. A number of general conclusions can be drawn from this information:

- Although home prices declined significantly between 2006 and 2011 and housing in San Luis Obispo County is relatively more affordable than five years ago, home sales prices are still beyond the financial reach of most existing residents.
- Resource limitations, especially water, continue to impact housing development and where it may be located.
- The county's population is growing older. The housing supply will need to accommodate those changing needs with housing that is safe, ~~and~~ walkable, ~~and~~ bikeable to transit stops, nearby medical services, and shopping.
- As the household size declines, the need for relatively smaller homes may rise.
- Attached housing is a viable option for many residents. It is generally developed at higher densities with lower land cost per housing unit. Projects should be close to services and provide useable open areas and other amenities.
- It is becoming more important to find opportunities to provide housing to locally-employed persons. When people live closer to work, school, shopping, and other destinations, they consume less energy, contribute less to

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lower the Bay Area region (about \$66,000) Salaries for some industries such as food preparation and service (\$21,578), sales (\$34,513), office support (\$35,062 and farming (\$22,118) were much lower in 2013 (EDD). The EDD projects a job growth rate for San Luis Obispo County of 1.6% per year between 2010 and 2020, which is slightly higher than the projection for the State as a whole at 1.5 % per year.

Although the home price-to-income ratio has improved, it is still difficult for local employers to attract or retain new workers due, in part, to high housing costs. Two local business groups, the Economic Vitality Corporation and the San Luis Obispo Chamber of Commerce, have expressed concern over the loss of qualified workers.

*The following table shows changes in median household incomes over the last seven years.*

**Table 5.3: Median Income, San Luis Obispo County**

Year	Median Income	Change from Previous Year	% of Change from Previous Year
2014	\$77,000	\$6,100	8.6%
2013	\$70,900	-\$4,500	-6.0%
2012	\$75,400	\$1,000	1.3%
2011	\$74,400	\$1,900	2.6%
2010	\$72,500	\$1,700	2.4%
2009	\$70,800	\$3,800	5.7%
2008	\$67,000	\$2,800	4.4%
2007	\$64,200	\$400	0.6%

Source: HUD, 2013

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## HOUSING NEEDS ASSESSMENT

**Table 5.4: Number of Households by Income Level,  
San Luis Obispo County**

<u>Income Level</u>	<u>2000</u>	<u>Percent</u>	<u>2010</u>	<u>Percent</u>
<u>Extremely Low</u>	<u>11,574</u>	<u>12.5%</u>	<u>11,905</u>	<u>11.7%</u>
<u>Very Low</u>	<u>10,761</u>	<u>11.6%</u>	<u>10,033</u>	<u>9.8%</u>
<u>Low</u>	<u>16,014</u>	<u>17.3%</u>	<u>16,042</u>	<u>15.7%</u>
<u>Above Low</u>	<u>54,390</u>	<u>58.6%</u>	<u>64,036</u>	<u>62.8%</u>
<u>Total</u>	<u>92,739</u>	<u>100%</u>	<u>102,016</u>	<u>100%</u>

Source: HUD, CHAS data (Census)

### HOUSING CONSTRUCTION TRENDS

Between 2000 and 2010 about 14,000 residential units were added to the county as a whole. Most of the growth occurred in the first seven years. This is evident in the construction permit activity in the unincorporated portion of the county. Construction of new housing units in the unincorporated county peaked in 2004, when approximately 1,200 units were constructed (Planning and Building Department). In 2008, fewer than 800 housing units were constructed, and in 2012 only 221 units were completed. This indicates a lag in new residential construction as the economy began recovering from the recession. AECOM (report for SLOCOG, 2011) projects residential development, countywide, will average 1,050 units per year for the next several years. Single family detached homes account for 68% of the housing inventory for the county as a whole (down from 84% in 2000). From 2003 through 2010, multi-family units accounted for only 3 to 6% of all units built during that period. More recently, that ratio has increased closer to pre-recession number. Here are a number of factors that impede the rate of residential construction in the county, including:

- Regional shortages of available water
- A need for key infrastructure development, such as sewers
- An abundance of natural habitats, natural resources areas, and agricultural production areas that are protected by government policies and regulations
- High land costs

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Cal Poly Housing

***Extremely Low Income Housing Needs***

Extremely low income (ELI) households earn 30 percent or less of the county median income. The unincorporated county had 5,273 extremely low income households in 2011 (ACS). The projected housing need for extremely low income households over the next five years is ~~475~~-168 additional housing units (half of the very-low income need). ELI households may require rent subsidies such as Section 8 and small housing units such as single room occupancy units to afford living expenses. Additionally, supportive housing may be suitable housing because it provides services in addition to housing. Countywide, nearly 84% of extremely low income households have a cost burden greater than 30% of family income

***Student Population***

College students make up approximately 11.5% of the county's population, and they compete with the local workforce population for housing. There are about 31,000 students that live in the county attending Cal Poly State University and Cuesta Community College. Cal Poly's student population is approximately 19,000 (CSU Statistical Report, 2012). Cal Poly had on-campus housing available for 6,900 students in 2013, or enough for approximately 36% of the Cal Poly student population. Of Cuesta College's 12,000 students, approximately 98% reside in the county. Cuesta College has no on-campus housing.

**EXISTING HOUSING SUPPLY**

This following section presents an overview of the unincorporated county housing supply based on housing unit type, condition, vacancy rate, and housing construction activity.

***Housing Unit Types***

The basic measure of housing supply is the dwelling unit: single-family dwelling, multi-family unit (apartments or condominiums), or manufactured home. While single-family dwellings are the most popular type of housing, manufactured homes and multi-family

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homes represent a significant portion of the county's housing stock. The majority of housing units produced are detached single-family units. Between 2000 and 2010, this type's share of the total number of units went up from 65% to 68%. Between 2009 and 2013 there was not a significant change in the number of multi-family units, and the number of mobile homes went down due to the closure of a mobile home park in Nipomo and cases where individual mobile homes were replaced by standard-construction housing. The California Department of Finance reports about 49,000 housing units exist in the unincorporated portion of the county. *The following table shows the types of housing units in the county in 2013.*

**Table 5.10: Housing Units by Type, 2013**

Type of Unit	Unincorporated County		Countywide	
	Units	Percent	Units	Percent
Single Family Detached	37,812	77.0%	80,322	67.8%
Single Family Attached	1,484	3.0%	6,468	5.5%
Two to Four Units	2,244	4.6%	9,072	7.7%
Five or More Units	1,248	2.5%	11,891	10.0%
Mobile Homes	6,331	12.9%	10,685	9.0%
Total Units	49,119	100.0%	118,438	100.0%

Source: CA Department of Finance, July 2013

***Vacancy Rates***

Most of the county's vacant housing stock is in the category of seasonal, recreational, or occasional use units. These units are not available for regular rental use and do little to solve the county's housing problems. There was an overall increase in vacancy rates between 2000 and 2010. "Seasonal" vacancy is still the largest sector, but the percentage of units for sale or rent did go up. *The tables below show the different types of vacant housing units in 2000 and 2010.*

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**Table 5.11: 2000 – Vacancy Status**

Status	Unincorporated County		Countywide	
	Units	Percent	Units	Percent
For rent	<del>736</del> 442	<del>2.1%</del> <u>1.10%</u>	<del>4972</del> <u>1,187</u>	<del>2.4%</del> <u>1.16%</u>
For sale only	<del>511</del> 330	<del>1.47%</del> <u>0.82%</u>	<del>4383</del> <u>669</u>	<del>1.53%</del> <u>0.65%</u>
Rented or sold, not occupied	<del>298</del> 310	<del>0.86%</del> <u>0.77%</u>	<del>700</del> <u>651</u>	<del>0.77%</del> <u>0.69%</u>
Seasonal, recreational or occasional use	<del>269</del> <u>3,694</u>	<del>7.78%</del> <u>9.16%</u>	<del>4234</del> <u>6,512</u>	<del>4.69%</del> <u>6.37%</u>
Other	517	1.28%	517	0.51%
Total vacant units	5,293		9,536	
Vacancy rate		13.12%		9.32%
Total all units	40,348		102,275	

Source: U.S. Census, 2000

**Table 5.12: 2010 – Vacancy Status**

Status	Unincorporated County		Countywide	
	Units	Percent	Units	Percent
For rent	753	1.55%	2,393	2.04%
For sale only	630	1.30%	1,318	1.12%
Rented or sold, not occupied	230	0.47%	475	0.40%
Seasonal, recreational or occasional use	5,559	11.45%	9,269	7.90%
Other	1,001	2.06%	1,844	1.57%
Total vacant units	8,173		15,299	
Vacancy rate		16.83%		13.04%
Total all units	48,550		117,315	

Source: U.S. Census, 2010

Vacancy rates are indicators of housing availability. When vacancy rates are high, there is an adequate supply of housing; consequently prospective owners and renters have a wider variety of choice. With fewer vacancies, the choice of housing is

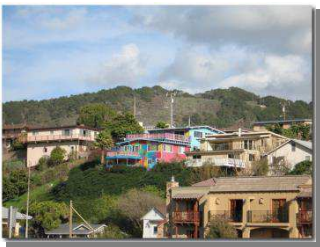


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the County must work together to identify their resource capacities and how those resources relate to future growth and development.

The primary resource elements that affect a community's ability to develop housing are water supply, roads, and sewer. A description of existing resources by community is included below. Please refer to the annual Resource Summary Report for more information about resources shortages.



*Avila Beach*

#### **Avila Beach**

Water: Adequate for buildout.

Roads: Traffic volumes measured in May and September show that the main road, Avila Beach Drive, operates at LOS A and is in no need of widening.

Sewer: No operational issues and no planned increases in capacity. However, the two wastewater providers should investigate connecting existing and proposed land uses within the Urban Reserve Line to a single wastewater service provider.



*Cambria*

#### **Cambria**

Water: Very limited water supply, with a LOS III. The Community Services District is focusing on ~~seawater (or brackish groundwater)~~ desalination and other sources for long-term drought protection and as a supply for new development and existing users.

Roads: No concerns identified.

Sewer: No concerns identified.

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approximately 72% (17,900). Families with children under 18 years headed by a single female represented 20% (4,922) of families and families headed by a single male represented 9% (2,211).

In 2010, one out of every four families with female householders countywide, were under the poverty line. Table 5.22 illustrates the ratio of families with female householders and poverty.

**Table 5.21: Families with Female Householders and Poverty (Countywide), 2010 Census**

	Number	Percent of Total Family Households	% of Total Family Households under the Poverty Line	% of Families with Female Householder
Total Family Households	63,691	100.0%		
Families with Female Householder*	4,922	7.7%		100.0%
Total Families under the Poverty Line	3,949	6.2%	100.0%	
Families with Female Householder under the Poverty Line*	1,255	2.0%	31.8%	25.5%

\*With children under 18

Married couple families have the highest incomes and families headed by single females have the lowest. In 2011, the median income for married couple families was \$85,689 (2011 Community Survey). For male headed families the median income was \$48,544, and for female headed families it was \$29,529 (2011 Community Survey).

For single parent families, lack of adequate income is one of the biggest factors in obtaining housing, especially families headed by females. Using a figure of 30 percent of gross income for housing, the median income of female headed families would allow only \$925 per month for housing. This amount is inadequate as the rental rate throughout the county for studio and one-bedroom units start around \$750 and go much higher. The median rent paid, countywide for all household types, was estimated to be \$1,165 (2011 ACS).